

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **April 13, 2004**

AGENDA ITEM NO.: 11

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

**ITEM TITLE: Issuance of \$48,015,000 General Obligation Public Improvement Bonds Estimated \$12,000,000 Refunding Bonds of the 1993 Bonds and 1994 Bonds and \$36,015,000 New General Obligation Bonds for FY 2004 Capital Projects**

### RECOMMENDATION:

1. Conduct a public hearing for issuance of \$36,015,000 of General Obligation Public Improvement Bonds and a like amount of Bond Anticipation Notes. In accordance with the Virginia Public Finance Act, refunding bonds are exempt from the public hearing requirements.
2. Adopt a resolution authorizing the authorizing the issuance of not to exceed \$48,015,000 principal amount of General Obligation Public Improvement and Refunding Bonds of the City.
3. Adopt a resolution amending the FY 2004-2009 Capital Improvements Plan and appropriating \$120,000 for the issuance costs associated with the issuance of \$47,895,000 General Obligation and Refunding Bonds of the City.

### SUMMARY:

Based on projected cash needs combined with currently available funds and FY 2004 pay-as-you-go funding, there follows a summary of the proposed \$36,015,000 new money bond issue for FY 2004:

| Project Title             | FY 2004 Expenditure Estimate |
|---------------------------|------------------------------|
| Buildings                 | \$2,915,000                  |
| Transportation            | 5,400,000                    |
| Economic Development      | 1,000,000                    |
| Recreation                | 1,300,000                    |
| Schools                   | 17,500,000                   |
| Water                     | 4,000,000                    |
| Sewer                     | 3,100,000                    |
| Fire and Rescue Equipment | 325,000                      |
| Airport                   | 355,000                      |
| Bond Issuance Cost        | 120,000                      |
| Total                     | \$36,015,000                 |

As a result of low interest rates, the City's Financial Advisor, BB&T Capital Markets has recommended that the City refund a portion of the 1995, 1996, 1997 and 2000 bond issues through the issuance of approximately \$12,000,000 in refunding bonds. Depending on the bond market, the issuance amount could change as the sale date gets closer. At this time, the estimated debt service savings are \$338,000.

There follows a summary of the proposed cost of issuance:

| Cost Component  | FY 2003 Estimate |
|---|------------------|
| Bond Counsel  | \$33,500         |
| Bond Ratings  | 35,000           |
| Financial Advisor   | 30,000           |
| Independent Auditor Official<br>Statement Review              | 3,500            |
| Official Statement Preparation &<br>Printing                  | 11,000           |
| Advertising   | 4,000            |
| Miscellaneous Copying, postage,<br>& overnight mailings, etc. | 3,000            |
| Total   | \$120,000        |

PRIOR ACTION(S): October 29, 2002 Council work session

FISCAL IMPACT: Issuance costs are funded from bond proceeds. Additional long-term debt

CONTACT(S): Michael W. Hill 455-4218

ATTACHMENT(S): Resolutions

REVIEWED BY: lkp

Resolution

BE IT RESOLVED THAT the FY 2004-2009 Capital Improvements Plan is amended funding of \$34,000, \$61,000, \$14,000 and \$11,000 is appropriated from the City, School, Water, Sewer Capital Projects Funds respectively, for expenses associated with the issuance of the FY 2004 General Obligation Public Improvement and Refunding Bonds financed through the FY 2004 bond sale.

Introduced:

Adopted:

Certified:

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Clerk of Council

052L